

SUBCOMMITTEE NO. 4

Agenda

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Room 112

Agenda Part B

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0690 Office of Emergency Services

Discussion Issues

1. Gap Analysis

At the hearing on April 24, the Subcommittee discussed issues related to disaster response and preparing for catastrophic events. At that meeting the Subcommittee discussed issues related to a clear chain of command for catastrophic responses, contingency plans for responses to catastrophic events, and what kinds of gaps have been identified in California's emergency preparedness.

In a report from April 2006, the Little Hoover Commission concludes that California has not put in place the plans and strategies or designed and deployed the tools needed to respond to the inevitable catastrophic event. The four major findings of the Little Hoover Commission report include:

- Despite the known risks, California is unprepared to respond to a catastrophic emergency.
- Fragmented authority and responsibility among state agencies undermines preparedness and hinders accountability.
- Emergency preparedness funding is not allocated in ways that recognize the State's strategic preparedness needs and funding fails to create incentives for improvement.
- California has not put in place a structure and strategy for promoting improvement and creating accountability.

In response to its findings, the Little Hoover Commission put forward a series of recommendations including:

- The State must put in place a comprehensive strategy for responding to a catastrophic event, and it should seek the assistance of independent consultants to guide that strategy.
- The Governor and the Legislature should restructure the state emergency management operation into a single, cabinet-level entity under the direction of an experienced leader.
- The Governor and the Legislature should ensure that emergency preparedness funding is adequate, strategic, and creates incentives for improvement.
- The Governor and the Legislature should put in place a strategy for continuous improvement and accountability.

According to the report, a major step in improvements is for the OES to contract for an independent gap analysis. The Little Hoover Commission believes that, informed by the lessons from Hurricane Katrina, the state should contract with an independent consulting firm for a gap analysis to assess the strengths and vulnerabilities of California's emergency preparedness system for a catastrophic event and the projected costs to address those vulnerabilities. The gap analysis should be submitted to the governor, Legislature and public. Provisions should be developed for aspects of the analysis that require confidentiality. At a minimum, the gap analysis should address the following core issues:

- Awareness of risks and preparedness for catastrophic events, including the need for unity of command and interoperable communications.
- Adequacy of mitigation and prevention efforts.

- Integration of all state, local, federal, National Guard, active –duty military and private-sector emergency response capabilities.
- Preparedness and adequacy of local governments for high frequency and catastrophic emergencies.
- Fiscal and regulatory strategies to enhance preparedness, including prevention and mitigation efforts.

Staff Recommendation. Staff recommends approval of the following budget bill language that directs \$1 million from eligible federal homeland security funds to perform an independent gap analysis of the state's preparedness for a catastrophic disaster.

Item 0690- 011-0890

Provision X. Of the funds appropriated in this item, \$1 million shall be made available for an independent gap analysis of the state's preparedness for a catastrophic disaster, subject to any restrictions on eligible activities for federal grant funds. The study is to be conducted by a nongovernmental research entity. The Office of Emergency Services shall be the contracting entity, with input and oversight by the Joint Committee on Emergency Services and Homeland Security. The analysis shall consider various types of disasters, such as a major earthquake in an urban area, a levee break, a flu pandemic, a terrorist attack, and any other major disasters that are reasonable to anticipate in California. The report shall address specific roles and possible gaps in state, local, and federal government agencies' capacity to respond, including in the areas of governance, interoperability, medical response and surge capacity, evacuation and economic recovery. The report shall also consider the role of the private sector in support of government response. The report shall recommend specific funding and policy options to address the identified gaps. These options should be prioritized. The report shall be delivered on or before August 1, 2007 to the appropriate fiscal and policy committees.

Action

2. State Warning Center Increase

Budget Request. The budget proposes to increase staff at the State Warning Center (SWC), which serves as the central information point during state emergencies. Specifically, the budget proposes increased funding of \$617,000 (General Fund) and nine new positions in order to maintain at least three staff at the center twenty-four hours a day.

Staff Recommendation. The Subcommittee previously held this issue open pending additional workload information from the OES. Based on the information submitted, staff recommends approval of seven of the requested 9 positions and a reduction of \$125,000 from the request.

Action

3. Assistance for Victims of Crimes Committed by Parolees.

Budget Request. The OES currently administers the Victim-Witness Assistance Program, which funds every county to operate comprehensive victim-witness assistance centers that provide support services to victims and witnesses during criminal proceedings. Victim advocates guide victims through the court process, help victims receive restitution, provide crisis intervention, and make referrals to counseling and community services. The administration proposes to establish a \$1 million grant program to assist counties in extending services to victims and witnesses that choose to participate in parole revocation hearings. The administration's stated objective is to increase victim-witness participation in such hearings, with the goal of sending more parolees back to state prison for crimes committed while on parole. Funding for this program would come from the Victim-Witness Fund, which is funded by criminal fines.

Concerns Raised by the Analyst. The LAO indicates that the administration could not identify the current rate at which victims and witnesses attend parole revocation hearings or the extent to which the local assistance centers already provide these services. The LAO also notes that the proposal does not identify the expected improvement in participation, how funding would be distributed, or the broader impact such participation is expected to have on criminal recidivism. The LEVS division is struggling to meet basic budgeting and accounting standards. The department asserts that adding two new grant programs would not further impair its progress in resolving these problems. Realistically, however, the financial problems will require ongoing attention by the department's executive management for the next several years. The department should be focused on meeting basic accounting and budgeting standards, rather than the development of new grant programs. In addition, the LAO notes that the OES has been struggling to meet basic budgeting and accounting standards for the criminal justice programs transferred from the former Office of Criminal Justice Planning. The LAO believes that the financial problems will require ongoing attention by the department's executive management for the next several years and that the department should be focused on meeting basic accounting and budgeting standards, rather than the development of new grant programs.

Analyst's Recommendation. The LAO recommends rejection of this funding.

Staff Recommendation. At the hearing on March 23 the Subcommittee rejected funding for this proposal, but also requested additional information from OES and CDCR on the request and the workload it was based on. Additional information has been provided to the Subcommittee, but there still exists some outstanding issues related to the anticipated workload. Staff recommends approval of the \$1 million in Victim-Witness funds to provide services to victims and witnesses at parole revocation hearings on a two-year limited term basis. This should allow the department the ability to track workload and expenditures to justify the program moving forward.

Action.

4. California Multi-jurisdictional Methamphetamine Enforcement Team Program (Cal-MMET) – Finance Letter

Finance Letter Request. OES proposes to augment the Cal-MMET program by \$20 million, bringing total expenditures to \$29.5 million. This would essentially restore funding to its 2001-02 level. Under the current program, \$9.5 million in grant funds are allocated by an advisory committee comprised of representatives from six counties in the Central Valley High Intensity Drug Trafficking Area (HIDTA). In past years, the committee has opted to award sub-grants to ten additional Northern California counties, bringing the total number of counties receiving support to 16. Under this proposal, total program funds of \$29.4 million would be allocated as follows: North State Region (\$4 million), Bay Area Region (\$4 million), Central Region (\$12.4 million), Southern Region (\$7.5 million), Southwest Border Region (\$1.5 million).

Analyst's Recommendation. The LAO recommends rejection Cal-MMET program augmentation for the following reasons:

- Proposed augmentation would create significant ongoing costs for the state.
- Other fund sources are available. The LAO notes that while federal law enforcement grants have declined in recent years, California still receives significant federal dollars including \$35 million in Justice Assistance Grants and millions more to support federally-designated High Intensity Drug Trafficking Teams (HIDTA), among others. The LAO believes that if the two proposed programs are the highest priorities for local law enforcement, local governments can direct their own funds or state COPS funding to these activities.
- Piecemeal approach to augmenting individual programs not recommended. Nearly all of the programs administered by OES's Law Enforcement and Victim Services (LEVS) division have sustained cuts in General Fund support in recent years. Rather than take a piecemeal approach to augmenting the funding for individual programs, the LAO believes that the Legislature should evaluate the programs collectively and make strategic decisions about what to fund based on sound data on the problem to be addressed, other available sources of funding, and demonstrated success of the programs

Staff Recommendation. Staff notes that the LAO believes that should the Legislature opt to fund this program, it should require the department to demonstrate how the methamphetamine problem is distributed among regions and the linkage between the problem and funding allocations. Staff recommends approval of the funding for two years and the following budget bill language. At that time the OES can justify the continuation of the program by proposing a funding allocation plan that links grant funding to the size of the problem in each of the designated regions.

Provision X. Of the funding appropriated in this item, \$29.4 million is for local assistance to support California Multi-jurisdictional Methamphetamine Enforcement Teams. \$20 million of this funding is provided on a two-year, limited-term basis. No later than January 10, 2008, the Office of Emergency Services, in consultation with the Department of Finance, will submit to the Joint Legislative Budget Committee a report which proposes a funding allocation plan that links grant funding to the size of the problem in each of the five state-designated regions. The report should also include a summary of spending by region, program activities, and demonstrated outcomes such as lab seizures and arrests.

Action

5. Collapse of Criminal Justice Programs – Finance Letter

OES proposes to collapse the Law Enforcement and Victim Services (LEVS) budget components to the element level. This is consistent with budgeting practices used by other departments. It would also streamline accounting operations for OES and its grantees.

Staff Recommendation. Staff recommends approval of the Finance Letter to display the OES grants consistent with other state agencies in the budget bill. Staff further recommends adoption of the following budget bill language which directs OES and DOF to provide a special display in the Governor's budget showing additional detail on the grants, and requires an annual report on the OES criminal justice programs.

X. The Department of Finance shall include a special display table in the Governor's Budget under the Office of Emergency Services that displays, by fund source, component level detail for Program 50, Criminal Justice Projects. In addition, the Office of Emergency Services, in consultation with the Department of Finance, shall provide a report to the Joint Legislative Budget Committee by January 10 of each fiscal year, that provides a list of grantees, total funds awarded to each grantee, and performance statistics to document program outputs and outcomes in order to assess the state's return on investment for each component of Program 50 for each of the three years displayed in the Governor's Budget.

Action

6. Reappropriation of Frozen Federal Funds – Finance Letter

Finance Letter request. OES proposes to reappropriate \$10.4 million in previously awarded federal funds that were frozen due to accounting irregularities when OCJP ran the programs. These funds are anticipated to be unfrozen upon completion of the accounting reconstruction project and certification of 2004-05 financial statements, scheduled for later this fiscal year. Funds must be spent between July and September, 2006 unless the state receives an extension from the federal government.

Analyst's Concern. The LAO has raised some concerns about the reasonableness of spending \$10 million in such a short timeframe. The LAO indicates that the Legislature may need to consider steps it can take to assist in spending the funds in a timely manner.

Staff Recommendation. Staff recommends adoption of the following budget bill language that requires OES to report of the final results of the reconstruction of the records from OCJP and to report on the steps it is taking to ensure that appropriate fiscal controls and processes are in place for the effective administration of the its grant program.

The Office of Emergency Services (OES) shall provide a final report to the Legislature by March 30, 2007 on the reconstruction and finalization of records for the programs that were transferred to the OES from the Office of Criminal Justice Planning. The report shall include a summary of the findings of the reconstruction effort and steps that have been taken by the OES to ensure that appropriate fiscal controls and processes are in place for the effective administration of those programs.

Action

7. Office of Homeland Security – Science and Technology Unit

Budget Request. The budget proposes \$465,000 in federal funds and five positions to establish a Science and Technology Unit within the OHS. The new unit would seek technology based solutions for homeland security related goals. The positions requested include a Research Manager, and 4 Research Program Specialists.

Staff Comments. The OHS indicates that the US Department of Homeland Security (USDHS) has set up a Science and Technology Directorate that supports programs in research, development, testing, and evaluation. This proposal would be to provide staffing to mirror the USDHS program. OHS indicates that the goal of the unit would be to harness scientific and technological resources to provide state and local officials with the technology and capabilities to protect California citizens.

The OHS indicates that the Science and Technology Unit will seek to counter threats of catastrophic terrorism by implementing best practices, investigating new improvements to capabilities, sharing new capabilities already in use in the private sector, other states, local agencies, and the federal government.

Staff Recommendation. Given the discussions from the hearing on April 24 regarding staffing at OES and the potential loss of additional federal monies which would reduce the amount available for state expenditures, staff recommends rejecting this proposal.

Action.

0250 Judicial Branch**Proposed Vote-Only Issues****A. Antioch Courthouse – Finance Letter**

Finance Letter Request. This Finance Letter proposes an increase of \$267,000 from the State Court Facilities Construction Fund to add three additional courtrooms to the original proposed project. This adjustment provides additional funds for the acquisition and preliminary plan phases of the project, and removes funds for the working drawings phase. The budget had originally proposed \$2 million from the State Court Facilities Construction Fund to fund working drawings for a new trial court facility in Antioch to replace the Pittsburg facility.

Staff Notes. Based on a recommendation from the LAO, the Subcommittee held this issue open at the April 6 hearing, pending a revised proposal for the additional courtrooms.

B. Mammoth Lakes Courthouse – Finance Letter

Finance Letter Request. This Finance Letter proposes \$2.1 million from the State Court Facilities Construction Fund for acquisition and plans for the Mammoth Lakes Courthouse in Mono County.

C. Trial Court Technology Baseline Funding – Finance Letter

Finance Letter Request. This Finance Letter requests to reduce \$12.3 million from the proposed January budget due to a revised information technology project schedule and cost estimate submitted by the Judicial Branch. The Judicial Branch indicates that these funds are no longer needed.

D. Plumas/Sierra Courthouse – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$225,000 from the State Court Facilities Construction Fund for the acquisition and preliminary plan phases of the Plumas and Sierra Counties courthouse for costs that were not included in the original proposal.

The LAO has recommended additional budget bill language directing that any unspent acquisition funds revert to the State Court Facilities Construction Fund. The AOC and the DOF do not object to this language.

The funds appropriated in this item include \$437,000 for acquisition and \$269,000 for preliminary plans. The funds appropriated for acquisition must be spent on acquisition related expenses and by June 30, 2007, any unspent portion of the acquisition funds will revert to the State Court Facilities Construction Fund.

Staff Recommendation. Staff recommends approval of the issues on the Vote-Only list.

Action.

Discussion Issues

1. Conversion of the Sisk Federal Courthouse – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$31.6 million from the State Court Facilities Construction Fund to facilitate the conversion of the Sisk Federal Courthouse into a state trial court facility.

The state is receiving the federal Sisk courthouse for free, with the stipulation that the building be continued to be used as a courthouse. Currently Fresno County has 8 judges in leased or constrained courtrooms. The proposed renovation would provide sufficient courtrooms for 8 judges. However, SB 56 (Dunn) would provide Fresno County with an additional 10 judges (2 of which would be located at the Juvenile courthouse and have space available for them). However, of those 10 new judges 8 would have no courtrooms available.

Analyst's Recommendation. The LAO recommends increasing the scope of the project to renovate the Sisk to have 16 courtrooms (since federal space standards are so much larger than state standards, this is possible). The total cost of renovating the Sisk to have 16 courtrooms is \$61.3 million. However, building an entirely new courthouse for 8 additional judges would cost about \$68 million (for total of nearly \$100 million when adding Sisk 8 courtroom renovation with a new 8 courtroom courthouse). However, if SB 56 does not pass the extra space is not needed. Thus the LAO recommends appropriating \$61,327,000 from the State Court Facilities Construction Fund and approving the following Budget Bill Language:

Judicial Branch - Item 0250-301-3037

Of the funds appropriated in Schedule (1.2) of this item, \$61,327,000 is provided for the conversion of the Sisk Federal Courthouse in Fresno for a 16 courtroom facility. If Legislation to provide additional judgeships to Fresno County is not enacted in 2006, \$29,700,000 will revert to the fund from which it was appropriated and the funds remaining in the appropriation will be available for the 8 courtroom facility.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends increasing the appropriation from the State Court Facilities Construction Fund to \$61.3 million and budget bill language that reverts \$29.7 million if legislation authorizing the new judgeships is not approved in 2006.

Action.

2. New Judgeships and Conversion of Subordinate Judgeships.

Budget Request. The proposed budget includes \$5.5 million to support facilities, staff, salaries, and benefits for up to 150 new judgeships phased in over a three-year period beginning in April 2007. This level of funding assumes one month of expenditures in the budget year for 50 judgeships. The ongoing cost of 50 judges is \$35.8 million and the ongoing cost of 150 judges is \$107.3 million. The expenditure of these funds is restricted by budget bill language until legislation authorizing new judgeships is enacted. This proposal also supports the conversion of up to 161 judicial officers to judgeships, as the positions become vacant, funded from within existing resources.

Staff Comments. The judicial positions would be authorized in SB 56. The proposal includes funding for the salary of the judgeship, as well as for support staff of 6.1 staff per judge. The Subcommittee may wish to ask the Judicial Council about potential reporting requirements for the filling of the judgeships and the support staff positions and the use of the funds.

Staff Recommendation. Staff recommends approval of the funding and adoption of budget bill language that requires reverts funding not used to fill new judgeships and accompanying staff and requires the Judicial Council to report on the filling of new positions and judgeships.

Provision X. Of the amount appropriated in this item, \$5,450,000 is provided for the costs of new judgeships and accompanying staff. Any funds not used for this purpose shall revert to the General Fund. The Judicial Council shall report to the Legislature on January 1, 2008 and annually thereafter until all judgeships are appointed and new staff hired, on the amount of funds allocated to each trial court to fund the new positions.

Action.

3. State Appropriations Limit (SAL) Increase for the Trial Courts

Budget Request. The January budget included for SAL based on a 4.7 percent estimate for the SAL. For the May Revise, the SAL has formula has been recalculated at 4.96 percent. In total dollars this increases the amount for the trial courts from SAL to \$111 million.

The request also proposes the following increases of \$17.6 million due to changes in the SAL base calculation.

- \$1.6 million related to operational allocations (\$31.6 million) from the Trial Court Improvement Fund that would be included in the base calculation.
- \$1.7 million for including the Judicial Administration Efficiency and Modernization Fund in the base calculation.
- \$471,000 for including the Equal Access Fund Program in the base calculation.
- \$15.6 million for including judicial compensation in the base calculation.
- -\$1.7 million for a change in the calculation methodology.

Analyst Concerns. The LAO has raised some concerns with the proposal, specifically regarding including the judicial compensation in the base calculation. Under current law, superior court judges receive salary increases equivalent to the average pay increase for state employees. The trial courts receive annual budget adjustments to account for these raises. The proposal would instead adjust funding for judge salaries by using the SAL growth factor. The LAO believes this method is flawed. For example, in the 2006-07 budget, judge salary increases are estimated to be 3.7 percent, while the SAL growth factor is estimated at 4.96 percent. Because of this difference, the courts would receive an additional \$3.5 million beyond what is needed to fund judge salary increases.

Staff Recommendation. Staff recommends approval of the SAL formula and the SAL formula changes proposed in the budget except for the inclusion of judicial compensation. Staff also recommends adopting amended placeholder trailer bill language that removes the continuous appropriation language, formalizes the calculation methodology for calculating the SAL, and provides additional oversight in the form of reporting on the allocation methodology during the annual budget process.

Action.

4. SAL for the Judiciary

The January budget proposed \$1.2 million to provide the SAL growth formula to the Judiciary. This amount would provide one month of SAL for the budgets for the Supreme Court, the Courts of Appeal, and the Administrative Office of the Courts.

Analyst's Recommendation. Overall, the LAO indicates that the proposal to expand use of the SAL adjustment to the entire Judicial Branch lacks a clear policy rationale and will likely lead to overfunding of the courts. The LAO also believes that the proposal reduces legislative oversight by making the vast majority of Judicial Branch funding appropriated without regard to fiscal year. Because of these concerns, the LAO recommends rejection of the proposal to expand the use of SAL to the entire Judicial Branch.

Staff Recommendation. Staff recommends rejecting the expansion of the SAL for the judiciary for a savings of \$1.2 million General Fund. Staff notes that the judiciary was provided with only 11 months of price increase because the SAL was proposed for 1 month. Staff recommends increasing the budget for the judiciary by \$300,000 General Fund and \$101,000 special funds to provide the 12th month of price increase.

Action.

5. Changes to Provisional Language

Staff Recommendation. There are a number of provisions in the budget bill that provide flexibility to increase expenditures above the amount appropriated in the budget bill language. Consistent with actions taken in other budgets, staff recommends approval of the following changes to provisional language for the courts which generally insert notification language to the Legislature prior to increasing expenditures.

Budget Item 0250-001-0159:

Provision 1. Upon approval by the Director of the Administrative Office of the Courts, the Controller shall increase this Item up to \$12,509,000 for recovery of costs for administrative services provided to the Trial Courts by the Administrative Office of the Courts.

Provision 2. Upon approval by the Director of the Administrative Office of the Courts, and notification to the Department of Finance, the Chairpersons of the committees in each house of the Legislature that consider appropriations and the Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase this item by an amount, or amounts totaling no more than \$1,250,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the state budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

Item 0250-101-0932:

Provision 8. Upon approval by the Director of the Administrative Office of the Courts, the Controller shall transfer up to \$9,019,000 to Item 0250-001-0932 for recovery of costs for administrative services provided to the Trial Courts by the Administrative Office of the Courts.

Provision X. Upon approval by the Director of the Administrative Office of the Courts, and notification to the Department of Finance, the Chairpersons of the committees in each house of the Legislature that consider appropriations and the Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase the amount of the transfer by an amount, or amounts no more than \$901,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the state budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

Item 0250-001-3060

Provision 1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Appellate Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the state budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

0250-101-0932:

Provision 5. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Trial Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the state budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

0250-112-0556:

Provision 1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Judicial Administration Efficiency and Modernization Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the state budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.

Action.

6. Finance Letter. Correct Error in Program Schedule Regarding Administrative Services Reimbursement.

Finance Letter Request. This Finance Letter proposes to make a technical adjustment to Budget Item 0250-001-0932, by replacing program 45.10 – Support for Operations of the Trial Courts with program 30 – Judicial Council, in order to allow the AOC to recover costs associated with providing services to the trial courts.

Staff Comments. The AOC has indicates that the amount it estimates for the transfer item is \$9,019,000, so this amount should be inserted into the change.

Staff Recommendation. Staff recommends approval of the Finance Letter and the following budget bill language that allows this item to be increased.

Item 0250-001-0932:

Provision X. Upon approval by the Director of the Administrative Office of the Courts, the Controller shall increase this Item by an amount appropriate to allow for the expenditure of any transfer to this Item made pursuant to Item 0250-101-0932, Provision 8.

Action.

7. Court Appointed Counsel

The Court Appointed Counsel (CAC) program in the courts of appeal provides funding to reimburse private attorneys that accept appointments in criminal, juvenile, and dependency appeals. Appointments in such cases are compensated according to a three-tier system. The current hourly rates are \$70 per hour for “supervised” cases, \$80 per hour for unsupervised, less serious cases, and \$90 per hour for unsupervised, serious cases.

The California Appellate Defense Counsel (CADC) has indicated that inflation has significantly eroded the reimbursement rate for this workload. The CADC indicates that this erosion is diminishing the pool of attorneys doing this specialized workload. They note that it takes 5 years to train an attorney to do this work cost-efficiently and professionally, and that appellate work is not part of the usual legal education. The low compensation levels deter new attorneys from entering, and are deterring attorneys from remaining in the system to do this workload.

In order to address this problem, the Judicial Council approved a \$5 increase to the hourly rates in October 2005. CADC is seeking an additional \$10 increase.

Staff Comments. The budget for the CAC program has been reduced in the last few years, because \$3 million in unallocated permanent cuts to the Judiciary were all allocated to this program by the AOC. Staff notes that the expenditures for this item have been below the budget for the last several years. For example, excluding one-time reductions, program savings for this budget totaled \$7.9 million in 2003-04 and \$5.1 million in 2004-05. Unspent funds from this program revert to the General Fund. The cost of a \$10 increase to the hourly rate is \$1.8 million in the first year and \$3.6 million ongoing.

Staff Recommendation. The 3.1 percent price increase that the CAC program will be receiving in the budget year translates to an increase of \$1.8 million. Staff recommends that the Subcommittee adopt budget bill language that directs the price increase amount be used to provide a \$10 increase in the compensation for handling cases.

Provision x. Of the amount appropriated in this item, \$1,800,000 from the price increase for the Court Appointed Council Budget is to provide funding for a \$10 per hour increase in compensation at all three levels of appointed counsel.

Action

8. Judicial Salaries

In order to draw diverse attorneys to the judiciary, compensation must be maintained at a level commensurate with the market competition for their services, workload and responsibilities. California judicial salaries, when adjusted for cost-of-living increases, are ranked 26th compared to other state judge salaries in the U.S. As a first step towards restoring equity in compensation for California’s judicial officers, an 8.5 percent salary increase was proposed in FY 2000–2001 and an additional 8.5 percent in FY 2001–2002. The 2000 Budget Act included funding for the first 8.5 percent increase. The second 8.5 percent was not approved in the 2001 Budget Act.

Staff Recommendation. In order to improve efforts to attract qualified attorneys from all areas of legal practice with diverse backgrounds to pursue judicial careers, staff recommends approval of an augmentation of \$14.7 million, and adoption of budget bill language and trailer bill language to provide an increase in judicial salaries of 8.5% effective January 1, 2007.

The proposed trailer bill language provides that, on January 1, 2007, the salary of California justices and judges shall be increased by that amount which is produced by multiplying the salary of each justice as of December 31, 2006, by 8.5 percent.

Proposed Budget Bill Language

Provision X. Of the funds allocated in this section \$14,666,000 shall be used to increase judicial salaries by 8.5% effective January 1, 2007.

Proposed Trailer bill language:

Gov. Code sec. 68203

(a) On July 1, 1980, and on July 1 of each year thereafter the salary of each justice and judge named in Sections 68200 to 68202, inclusive, and 68203.1 shall be increased by that amount which is produced by multiplying the then current salary of each justice or judge by the average percentage salary increase for the current fiscal year for California State employees; provided, that in any fiscal year in which the Legislature places a dollar limitation on salary increases for state employees the same limitation shall apply to judges in the same manner applicable to state employees in comparable wage categories.

(b) For the purposes of this section, salary increases for state employees shall be such increases as reported by the Department of Personnel Administration.

(c) The salary increase for judges and justices made on July 1, 1980, for the 1980-81 fiscal year, shall in no case exceed five percent.

(d) On January 1, 2001, the salary of the justices and judges named in Sections 68200 to 68202, inclusive, shall be increased by that amount which is produced by multiplying the salary of each justice and judge as of December 31, 2000, by 8 1/2 percent.

(e) On January 1, 2007, the salary of the justices and judges identified in Sections 68200 to 68202, inclusive, and 68203.1 shall also be increased by that amount which is produced by multiplying the salary of each justice and judge as of December 31, 2006, by 8 1/2 percent.

Action.

0820 Department of Justice

Proposed Vote-Only Issues

1. Finance Letter – Class Action Workload

Finance Letter Request. This Finance Letter requests an increase of \$3.1 million General Fund to handle class action cases received from the California Department of Corrections and Rehabilitation. The request includes budget bill language that restricts the use of funds as budgeted for the Correctional Law Section.

Provision X. Of the amount appropriated in this item, \$20,548,000 is available solely for the Correctional Law Section which handles only workload related to California Department of Corrections and Rehabilitation cases, and of that amount, \$3,794,000 is restricted to class action workload.

2. Finance Letter – Megan’s Law Fund Shift

Finance Letter Request. This Finance Letter requests an increase of \$81,000 General Fund, with a corresponding decrease of \$81,000 from special funds. The DOJ indicates that this fund shift is necessary to continue funding for the Megan's Law Program at its current level, and is a result of declining revenue to the Sexual Predator Public Information Account. The Sexual Predator Public Information Account will not have sufficient revenue due to a significant decrease in the revenue associated with the ‘900’ line, as a result of the Megan’s Law Website. The requested amount would increase to \$500,000 in FY 2007-08.

The DOJ indicates that this program funds: (1) a statewide training program that focuses on technical, legal, and enforcement aspects of the sex offender registration program; (2) Data Correction including ongoing analysis, research and correction of sex offender information contained in DOJ’s database; and (3) the California Sex Offender Information “900” Line which allows the public to call DOJ to check if a person is a registered sex offender.

3. Finance Letter – Responsible Adults – Safe Teens Project

Finance Letter Request. This Finance Letter requests an increase of \$517,000 in reimbursement authority for 2006-07 and \$383,000 in 2007-08 to accept a new grant award from the Office of Traffic Safety for a Responsible Adults-Safe Teens Project, which will allow the DOJ to develop and implement a public awareness campaign that encourages parents and adults to comply with the laws against providing alcohol to minors.

4. Finance Letter – Information-Led Policing

Finance Letter Request. This Finance Letter requests a one-time increase of 487,000 from federal funds to reflect a new federal grant award from the National Institute on Justice, for Information-Led Policing Research, Technology Development, Testing, and Evaluation.

This request requires a Feasibility Study Report (FSR). The DOF notes that due to timing issues with the federal grant process, an FSR has not yet been submitted for this project. In order to maximize the use of available federal funding, the Administration request language that restricts the DOJ from spending these funds until an FSR has been approved by the Department of Finance and reviewed by the Legislature.

Provision X. Of the funds appropriated in this item, \$487,000 is for the Information-Led Policing Research, Technology Development, Testing, and Evaluation grant. These funds may not be encumbered or expended until a Feasibility Study Report has been approved by the Department of Finance. The Department of Finance's approval shall be effective no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee of the approval.

5. Finance Letter – Energy Litigation

Finance Letter Request. This Finance Letter requests a one-time increase of \$4,194,000 from the Ratepayer Relief Fund to continue investigation and litigation activities arising from California's electricity and natural gas emergency. To ensure that the DOJ does not spend more than it recovers, the Administration has proposed the following budget bill language that aligns expenditures with actual recoveries.

Budget Item 0820-001-3061

Provision 1. All funds appropriated in this item are for energy investigations and litigation. These funds may not be encumbered or expended until the Energy and Corporate Responsibility Section has recovered sufficient funds to cover its costs.

6. Finance Letter – Transfer Various Programs

Finance Letter Request. This Finance Letter requests authority to transfer the Facilities Protection Unit (\$954,000) from the Administrative Services Division to the Division of Law Enforcement, the Fiscal Systems Unit (\$408,000) from the Administrative Services Division to the Division of California Justice Information Services, and a portion of the Office of Professional Development and Case Management (\$507,000) from the Executive Programs Division to the Division of California Justice Information Services. There is no net change in the amount funded.

7. Finance Letter Transfer of Spousal Abuser Prosecution Program

Finance Letter Request. This Finance Letter requests a technical change to decrease the state operations budget by \$283,000, and increase the local assistance item by \$283,000, and delete Provision 4 from Item 0820-001-0001 which requires the DOJ to transfer \$283,000 to Item 0820-101-0001 to support the Spousal Abuser Prosecution Program. There is not net change in funding due to this change.

8. Finance Letter – Reappropriation for the Single-Point Information Collection and Evaluation System (SPICES)/Threat Analysis Reporting and Geographic Tool (TARGET)

Finance Letter Request. This Finance Letter requests that Item 0820-490 be added to reappropriate up to \$3,590,000 from Item 0820-001-0890, Budget Act of 2005, Program 50, Division of Law Enforcement, for the Single-Point Information, Collection, and Evaluation System (\$1.0 million), and the Threat, Analysis, Reporting, and Geographic Evaluation Tool (\$2,590,000) projects. This reappropriation is necessary due to delays in the procurement process, which will prevent the DOJ from encumbering these funds in the current year.

9. Supervising Deputy Attorney General Classification – Finance Letter

Finance Letter Request. This Finance Letter proposes \$1.3 million (\$741,000 General Fund) in 2006-07 increasing to \$1.7 million (\$983,000 General Fund) in 2007-08 to establish the Supervising Deputy Attorney General classification. The proposal would reclass 130 existing positions to the supervising level.

10. Radio Communications Equipment Replacement.

Budget Request. The proposal requests \$2.8 million General Fund in one-time funds to replace its radio communications system infrastructure (repeaters, control stations, and desktop dispatch consoles), and \$936,000 of ongoing General Fund authority to establish beginning in 2007-08 an annual replacement program for portable radios and other radio equipment.

11. Underground Economy.

Budget Request. The budget proposes \$556,000 and 4.3 positions to establish an Underground Economy Statewide Investigation and Prosecution Unit within the Public Rights Division. According to the DOJ, the focus of the unit would be the investigation and prosecution of various underground economy cases, including unfair competition cases seeking restitution for unpaid wages, and criminal cases dealing with theft of labor, withholding of wages, and tax evasion.

Analyst's Recommendation. Based on additional information provided, the LAO now recommends approving this proposal on a three year limited term basis.

Staff Notes. Staff recommends approval of this proposal on a three-year limited-term basis.

Staff Recommendation. Staff recommends approval of the Vote-Only issues as noted.

Action

Discussion Issues

1. California Methamphetamine Strategies (CALMS) Program.

Budget Request. The budget proposes \$6 million and 31 positions, mostly special agents, to provide technical assistance to local law enforcement in less populated areas of the state where some methamphetamine production occurs.

Staff Notes. At the hearing on April 6, the Subcommittee rejected funding for this proposal. In response to some of the issues raised at the hearing, the DOJ has provided some additional information.

Staff Recommendation. Staff recommends reopening this issue and approving the proposal. In the event that it takes more time than anticipated to hire the new positions, staff recommends approval of budget bill language that reverts any savings to the General Fund.

Action.

2. Gang Suppression Enforcement Teams.

Budget Request. The budget proposes \$6.5 million and 33.6 positions to establish 4 Gang Support Enforcement Teams (GSET). The proposal would also fund an additional two teams in 2007-08 for a total of \$9.8 million.

Staff Notes. At the hearing on April 6, the Subcommittee held this issue open. In response to some of the issues raised at the hearing, the DOJ has provided some additional information to the Subcommittee.

Staff Recommendation. Staff recommends approval proposal on a two-year limited-term basis (\$6.524 million and 33.6 positions in 2006-07 and 2007-08), and budget bill language that requires DOJ to revert any savings to the General Fund and to report activities and outcomes of the GSET.

Action.

3. DNA Fingerprint, Unsolved Crime and Innocence Protection Act – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$2 million General Fund to provide additional resources to the Bureau of Forensic Services within the Department of Justice's Division of Law Enforcement, to support workload associated with the DNA Fingerprint, Unsolved Crime and Innocence Protection Act (Proposition 69).

Analyst's Concerns. The LAO believes that this is a policy call on the part of the Legislature. Since Prop 69 states that the requirements of the program are subject to availability of funds, the Legislature is not obligated to provide General Fund dollars to the DNA Program. The intent of the measure was to have a self-sustaining program that operated primarily on revenues from criminal penalties, and which would not necessarily require additional funding from the General Fund. Consequently, the Legislature has the discretion to decide whether to provide General Fund dollars to the program.

However, the LAO notes that should the Legislature approve the proposal and decide to continue funding the program at its current operating level, additional funding will be needed in future years. Under Prop 69, the state currently receives 70 percent of criminal penalty revenues earmarked for the DNA Program. In addition, under terms of the measure, the state will receive only 50 percent of these revenues in 2007, and only 25 percent in each subsequent year. Therefore, to fund the program at its current level in future years will require additional General Fund dollars or an increase in the criminal penalties earmarked for the DNA program.

The LAO also notes that this year's revenue windfall could be one-time in nature and might not be available in the future.

Potential Questions

Is it possible to increase fines to pay for the increased costs of the program?

What is the impact of not providing additional General Fund for this program?

Staff Recommendation. To provide additional time to review the proposal, staff recommends taking an action to reduce the requested amount by \$1,000 in order to send this issue to the conference committee.

Action

5225 Department of Corrections and Rehabilitation

Proposed Vote-Only Issues

1. Electronic In-Home Detention Program.

Budget Request. Proposes \$1.2 million and 12 positions to fund the Electronic In-Home Detention (EID) program (passive monitoring system). The proposal includes funding to implement, distribute, and monitor 500 EID units statewide to provide an additional supervision tool.

2. Adult Local Assistance – Finance Letter.

Finance Letter Request. The May Revise includes an additional \$10 million to fund local entities for the costs to house state inmates. This amount includes \$2.5 million to increase the daily jail rate from \$68.22 to \$71.57.

3. Case Records Staffing – Finance Letter

Finance Letter Request. This Finance Letter proposes a decrease of \$6,610,000 General Fund to recognize the projected actual cost of creating a new classification for case records staff. The January proposal included \$10.0 million for records staffing to create an appropriate classification for Case Records staff. At that time, the Administration committed to develop a detailed plan to create a deeper class that would allow for promotional opportunities and would more accurately reflect duties performed by these staff. The CDCR expects to be able to reclassify existing staff and hire new staff to fill existing vacancies in October. The amount requested reflects nine months of salaries, wages and benefits as reclassified in 2006-07.

4. Pay Enhancements: Psychiatrists – Finance Letter

The Finance Letter proposes an increase of \$12,727,000 General Fund to provide psychiatrists, who meet the qualifications specified by the court, with a 10 percent salary increase, as well as establish a recruitment bonus for new employees coming from outside of state service. This request is in response to a recent court order in the *Coleman v. Schwarzenegger* lawsuit.

5. Pay Enhancements: Corcoran State Prison – Finance Letter

The Finance Letter proposes an increase of \$915,000 General Fund to provide pay enhancement for mental health staff working at Corcoran State Prison in response to a court order issued on February 15, 2006 in the *Coleman v. Schwarzenegger* case.

6. Pay Enhancements: Various Health Care HQ Positions – Finance Letter

Finance Letter Request. The Finance Letter proposes an increase of \$1,364,000 General Fund to provide a 3 percent pay increase for various positions that oversee the Statewide Mental Health Service Delivery System at headquarters. This request is in response to a recent court order in

the *Coleman v. Schwarzenegger* lawsuit. This proposal also includes several other court-order related pay adjustments for specific positions.

7. *Plata v. Schwarzenegger* Court Order Compliance – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$1.3 million General Fund and 17 positions to provide additional staffing to allow CDCR to address issues of court compliance related to death reviews, the review of professional practices, and the employee discipline process.

8. Health Care Services Litigation Infrastructure Support – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$6.9 million General Fund and 108.5 positions to provide additional staff to meet various recent court orders in the Plata and Coleman court cases. This includes the following:

- 33 two-year limited-term contract management positions required in a recent Plata court order.
- 3 health program specialist positions for a Compliance Unit.
- 3 positions at headquarters to support a Litigation Management Unit.
- 6 positions to perform telemedicine activities at specific institutions as required by a recent Coleman court order.
- 53.5 pharmacy tech positions on a two-year limited-term basis and \$200,000 to contract for a workload study for classification and staffing of pharmacies.
- 10 radiological technologist positions.

9. Comprehensive Health Care Recruitment Staff – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$6 million General Fund, 75.5 limited-term positions, and 2 permanent positions for the Comprehensive Health Care Recruitment proposal. The positions are intended to allow the department to meet the hiring timeframes specified in the Plata court order to medical classifications. The proposal will also provide similar processes for hiring mental health classifications which are currently experiencing significant vacancy rates. The funding includes resources to implement Live Scan technology to improve the timeliness of background checks.

10. Division of Juvenile Justice Teacher Salaries – Finance Letter

Finance Letter Request. This Finance Letter proposes \$6.1 million from Proposition 98 funds to pay teacher salary adjustments associated with the new bargaining agreement for Bargaining Unit 3 teachers that took effect April 1, 2006.

11. DJJ Health Care Remedial Plan

Budget Request. The department requests \$7.5 million and 90 full-time positions to implement the Juvenile Health Care Remedial Plan. The remedial plan is one of the component requirements of the *Farrell v. Hickman* settlement agreement, which requires the department to

improve the quality of care and treatment provided to wards in DJJ facilities. The budget requests funding for additional health care staff at headquarters and DJJ facilities, as well as for medical and dental equipment.

12. Juvenile Population Changes – May Revise

Finance Letter Request. The May Revise includes General Fund augmentations of \$2.1 million in the current year and \$7.3 million in the budget year. For the current year, the year-end juvenile institution population is projected to decrease by 155 wards to 2,805 while the juvenile parole population is projected to decrease by 160 parolees to 3,260. For the budget year, the year-end ward population is projected to be 2,660, or 20 below the January budget, and the parole population is projected to be 2,935, or 240 below the January budget. The request for increased funds, despite falling populations, is due to increases for salaries of trainees attending the Academy and errors in budgeting for Youth Correctional Counselors, and the opening of a new housing unit at Heman G. Stark Youth Correctional Facility in the budget year.

13. Space Needs Related to Farrell v. Hickman – Finance Letter

Finance Letter Request. This Finance Letter proposes \$12.5 million General Fund to purchase modular buildings and make related facility improvements, in order to provide sufficient program and educational space to implement the programmatic changes required by the Farrell v. Hickman lawsuit. In the current year, the DJJ is using \$2.9 million in federal funds to begin this work. The proposed funding would provide approximately 42,000 square feet of modular space and funding to improve the telecommunications switch

14. Substance Abuse Treatment Funding – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$835,000 General Fund and a decrease of \$835,000 in reimbursements, to backfill and reflect the loss of federal funds from the Office of Emergency Services that were previously used to fund substance abuse treatment programs in youth facilities. This funding would allow the existing program to continue at the current level of service.

15. Farrell v. Hickman Consent Decree Costs – Finance Letter

Finance Letter Request. This Finance Letter proposes \$1.3 million General Fund to pay for the costs related to oversight, monitoring, and implementation of activities required by the Farrell consent decree, as provided by court mandated experts. Funding of \$1.3 million was provided in the current year for this monitoring. These are the costs to retain experts in all of the areas of the Farrell lawsuit to continue to help in the development of remedial plans, monitor compliance with filed remedial plans, and to refer to should the DJJ and plaintiff enter into the dispute resolution process.

16. DJJ Training Needs Assessment Reappropriation – Finance Letter

Finance Letter Request. This Finance Letter proposes to reappropriate \$1 million from the funding to perform a training needs assessment in the current year.

17. Gang Management.

Budget Request. The budget proposes \$200,000 in contract funding to facilitate the formation of a Gang Management Workgroup to include recommendations from consultants identified as nationally recognized gang experts to address comprehensive plans for inmate housing, classification, discipline, and gang management.

18. Coleman v. Schwarzenegger Court Order Compliance – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$20.2 million General Fund to establish 254.6 positions to comply with recent court orders that require the implementation of new Program Guidelines for the Mental Health Delivery System, and requires the CDCR to increase the level of headquarters oversight of the Mental Health Program. The administration indicates that these positions address the minimum necessary field and headquarters staffing required for compliance with court orders mandated by the *Coleman* Special Master.

19. Small Management Exercise Yards (Statewide) Correct Program Number for Gov. Budget Item—Finance Letter.

Finance Letter Request. This Finance Letter proposes a technical change to assign the correct program number designation to this project.

20. Statewide: Habitat Conservation Plan

Finance Letter Request. This Finance Letter proposes to reappropriate funds for the habitat conservation plan. This appropriation was established to mitigate impacts resulting from the installation of electrified fences at various institutions. CDCR indicates that both the Department of Fish and Game and the United States Fish and Wildlife Service have issued the necessary permits. The CDCR indicates that due to the complexity of the project, this reappropriation is necessary to complete all phases of the project.

Staff Recommendation. Staff recommends approval of the issues on the Vote-Only list.

Action.

Discussion Issues

1. Recidivism Reduction Strategies.

The budget proposes funding to expand various inmate and parole programs designed to reduce re-offending and recommitment to state prison. The proposal (including \$30 million approved in the 2005 Budget Act) includes \$21.1 million for enhancements to inmate education and vocational education programs; \$7.7 million for community partnerships; \$7.8 million for parole services expansions, \$9.9 million for institution based rehabilitative and treatment programs; and \$6.2 million to research the effectiveness of correctional programs.

Staff Recommendation. Staff recommends approval of the funding for the recidivism reduction proposals with the following reporting budget bill language regarding reporting on implementation of the programs. In addition, staff recommends budget bill language designating \$900,000 from the total for the recidivism reduction strategies to provide for three expert evaluations in the areas of education, treatment and rehabilitation, and parole services.

5225-001-0001 Provision X. No later than September 1, 2006, the Secretary of the Department of Corrections and Rehabilitation shall submit to the chairpersons and vice-chairpersons of the Committee on Budget in both houses of the Legislature and to the Legislative Analyst's Office an implementation and evaluation plan for funding provided as part of Recidivism Reduction Strategies. For each program component of Recidivism Reduction Strategies, the department shall detail its projected timeline for program implementation, including but not limited to purchasing equipment and supplies, hiring staff, securing contracts, beginning participation by inmates and parolees, and reaching full operating capacity. For each program component of Recidivism Reduction Strategies, the plan shall also identify the specific measures by which the department plans to evaluate these programs, the baseline measurements for these programs, as well as identify projected implementation targets and targeted projected outcomes for March 2007, September 2007, and annually for five years that the department expects to achieve for each of these measures.

5225-001-0001 Provision X. Of the amount in this item, \$900,000 shall be used to contract with correctional program experts to complete comprehensive evaluations of all adult prison and parole programs designed to reduce recidivism—including education, rehabilitation and treatment, and parole programs—for both male and female inmates and parolees. This evaluation shall include an inventory of existing programs, including program capacity, as well as an assessment of whether each of these programs is likely to have a significant impact on recidivism for those participants. This evaluation shall also include an estimate of the number of inmates or parolees not currently participating in these programs who would be likely to benefit from participation. The department shall submit to the chairpersons and vice chairpersons of the Committee on Budget in both houses of the Legislature and to the Legislative Analyst's Office a report detailing the findings of the evaluation by June 30, 2007.

Action.

2. Adult Corrections Population – May Revise

Finance Letter Request. The May Revise proposes increases to the budget for the adult corrections population due to increases in the estimates for the inmate population. For the current year, the May Revise proposes an increase of \$43.7 million General Fund based on the adult population (the January proposal had includes an increase of \$48.4 million as a result of increasing population). For the current year, the May Revise reflects an estimated institutional average daily population (ADP) of 168,018 (an increase of 1,680 above the January estimate), and a projected parolee ADP of 115,290 (a decrease of 234 below the January estimate).

For the budget year, the May Revise proposes an increase of \$142 million General Fund and an additional 1,076 positions based on projected increases to the adult population above the amount projected in January. The May Revise reflects an estimated institutional ADP of 175,627 inmates, which represents 5,422 more inmates than was projected in the January budget. The projected parolee ADP is 117,754, which is an increase of 1,534 above the January budget.

Staff Recommendation. Staff recommends approval of the may revise population proposal.

Action

3. In-Cell Integration – Finance Letter.

Budget Request. The budget proposes \$5.9 million and 30 positions in the budget year and \$1.6 million of ongoing funding to fund staff, physical plant, and training and equipment expenses necessary for statewide implementation of in-cell integration as required in the settlement agreement for the *Garrison Johnson v. State* lawsuit

Staff Notes. At the hearing on April 27, the CDCR requested that this item be held open pending a revision of the request. The CDCR has provided the following response to the Subcommittee. The CDCR is not ready to employ the requested resources at this time. Modification to existing information system(s) is necessary to code all inmates' racial eligibility. Due to prioritization of information system modifications racial coding has been delayed. It is anticipated that these system modifications will be completed by January 2007. CDCR is therefore requesting to modify its request to provide limited term resources to pursue full implementation of the court mandate. Specifically, 1.0 Office Technician and 1.0 Associate Governmental Program Analyst are requested on a limited-term basis to provide project planning and implementation. Additionally, CDCR requests the field clerical staff previously requested become effective in January 2007, when the information system coding modifications are complete. Finally, CDCR withdraws the Headquarters Associate Governmental Program Analyst pending further evaluation of workload and may resubmit a request for this resource in a future budget cycle. The resources requested in the Finance Letter are revised to \$4.829 million and 2.0 limited term positions effective July 1, 2006; 22.37 ongoing positions effective January 2007.

Staff Recommendation. Staff recommends approval of the revised amount of \$4.829 million and 2.0 limited term positions effective July 2006; and 22.37 ongoing positions effective January 2007.

Action

4. Adult Healthcare Services

Budget Request. The budget proposes to augment the budget baseline for contract medical by \$42.7 million, pharmaceuticals by \$16.4 million, and medical guarding by \$9.1 million due to reported ongoing budget shortfalls in the health care services division.

Staff Recommendation. Staff recommends approval of this request.

Action

5. Contract Medical and Medical Guarding – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$182.4 million General Fund to adjust the base funding available to pay for the increased costs of medical contracts and medical guarding. This adjustment would provide budget year funding to continue the current level of contract expenditures that the department is incurring. The total current base shortfall in this area is \$250.5 million – offset by the \$68.1 million increase proposed in this area in the January budget (issue #4 above).

Staff Recommendation. Staff recommends approval of this request.

Action

6. Stand-Alone Budget Item for the Health Care Program – Finance Letter

Finance Letter Request. This Finance Letter proposes the creation of a new stand-alone budget item for CDCR's Healthcare Services Program. This item includes:

- Provisions allowing for expedited revision of the level of funding needed for the Receiver appointed to oversee the provision of medical care in the state prisons under *Plata*.
- Deletes provisions 6, 7, and 12 from Budget Item 5225-001-0001.
- Provides that the Director of Finance may increase expenditures above the amount appropriated by \$250 million due to actions of the Receiver or the Court in *Plata*.

Staff Recommendation. As proposed, the Department of Finance did not include an appropriation or include the \$250 million in its expenditure totals, and the language includes providing broad authority for the Director of Finance to use the \$250 million to augment any state department's budget. Staff recommends the following:

1. Appropriating the \$250 million in schedule 5 of the new item.
2. Limiting flexibility by inserting language into Provision 2 indicating that money can only be expended by CDCR or departments involved in the provision of health care to California inmates.
3. Adding new provision 6 requiring immediate notification of the Legislature when expenditures are occurring at a rate that would exhaust the \$250million.
4. Adding new provision 7 requiring any unused funds from the \$250 million to revert to the General Fund.

The proposed changes are shown on the next page.

1. On February 14, 2006, the U. S. District Court in the case of *Plata v. Schwarzenegger* (No. C01-1351 THE) suspended the exercise by the Secretary of the California Department of Corrections and Rehabilitation of all powers related to the administration, control, management, operation, and financing of the California prison medical health care system. The court ordered that all such powers vested in the Secretary of the California Department of Corrections and Rehabilitation were to be performed by a Receiver appointed by the Court commencing April 17, 2006 until further order of the Court. The Director of the Division of Health Care Services is to administer this item to the extent directed by the Receiver.
2. Notwithstanding any other provision of law, the Director of Finance may authorize an augmentation of the amount available for expenditure in Schedule (5) of this item, for the purpose of funding costs for the Department of Corrections and Rehabilitation and any other state agency or department that is involved in the provision of health care to California inmates, including the costs of capitol projects, resulting from actions by the Receiver or the court in *Plata v. Schwarzenegger*. Augmentations pursuant to this authority may not exceed \$250 million, in aggregate, during the 2006-07 fiscal year. From any amount available in Schedule (5), the Director of Finance may authorize the transfer of funds from Schedule (5) of this item of appropriation for the purpose of augmenting the amount available for expenditure in any other schedule in this item of appropriation, or any other appropriation to a department or agency that provides healthcare to California inmates in Section 2.00 of this Act. The Director shall not approve any augmentation or transfer under this provision unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the Senate and Assembly fiscal committees ~~in each house that considers appropriations~~ no later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine. The notification to the Legislature shall include information regarding the purpose of the expenditures and the expected outcome of those expenditures.
3. No later than March 1, 2007, the Department of Corrections and Rehabilitation shall submit a report to the Legislature that provides the guidelines for the goals and performance measures of the delivery of health care services and how the Department will compare their performance to those measures to determine whether they are providing the appropriate level of care.
4. Notwithstanding any other provision of law, the Department of Corrections and Rehabilitation is not required to competitively bid for health services contracts in cases where contracting experience or history indicates that only one qualified bid will be received.
5. Notwithstanding Government Code section 13324 or Section 32.00 of this Act, no State employee shall be held personally liable for any expenditure or the creation of any indebtedness in excess of the amounts appropriated therefore as a result of complying with the directions of the Receiver or orders of the U.S. District court in *Plata v. Schwarzenegger*.
6. The Director of Finance shall immediately notify the Joint Legislative Budget Committee and the fiscal committees of the Legislature when expenditures pursuant to Provision 2 are occurring at a rate that would exhaust the level of funding in Schedule (5) prior to the end of the fiscal year.
7. Any funds not expended in Schedule (5) by June 30, 2007 shall revert to the General Fund.

Action

7. *Perez v. Schwarzenegger* Court Order Compliance – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$5.8 million General Fund to provide additional supervisory staff for the dental offices at each institution necessary to implement the changes required by the recent stipulated agreement in the *Perez* lawsuit. This proposal would also provide additional staff at the two women's prisons to ensure that pregnant inmates receive dental services required by Chapter 608, Statutes of 2005.

Analyst's Recommendation. The LAO recommends reducing the amount of the request because (1) the settlement agreement requires the department to rollout inmate dental reforms at only 14 prisons in the budget year; and (2) the Finance Letter erroneously budgets the salary for supervisory dentists at a level higher than the chief dentist classification. In order to align the introduction of these additional positions with the *Perez* rollout schedule and reflect a more accurate level of compensation for the proposed supervisory dentist classification, the LAO recommends reducing the budget-year request by \$3,035,777 and 14 positions.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends reducing the request by 14 positions and \$3 million.

Action.

8. Telemedicine Program

The LAO's review found that opportunities exist for the CDCR to significantly expand its use of telemedicine in prisons, thereby enhancing public safety, generating cost savings, and improving inmates' access to care.

Department Is Underutilizing Telemedicine. The LAO notes that based on its own assessment of the records, CDCR estimates that increased usage of telemedicine could further reduce the number of outside medical visits department-wide by as much as 20,000 per year. The department estimates that if the 20,000 consultations had been done via telemedicine, it could have saved up to \$17 million annually in transportation and medical guarding costs.

Prisons Not Required to Use Telemedicine; Policy Hinders Program Expansion. 27 of CDCR's 33 prisons are equipped to receive telemedicine services. However, prisons with telemedicine equipment vary significantly in terms of their usage of the technology. In fact, of 9,090 telemedicine consultations in 2004-05, almost two-thirds (5,740) were conducted at just five prisons. The other 22 prisons accounted for just over one-third (3,350) of total consultations. Nine of the twenty-seven prisons with telemedicine equipment did not use the system at all, and thus did not generate any savings by avoiding outside trips to medical facilities.

Department Offers Limited Number of Medical Specialties Via Telemedicine. The department offers telemedicine services in psychiatry and about a dozen medical specialties, including dermatology, orthopedics, infectious diseases, neurology, and pain management. Unlike other correctional and non-correctional telemedicine programs in the country, however, the department

does not provide additional specialties via telemedicine such as cardiology; hematology; gastroenterology; and ear, nose, and throat.

Analyst's Recommendation. In order to maximize cost savings potential, the LAO recommends the enactment of trailer bill language that to increase the use of telemedicine in prisons by requiring the department to (1) establish guidelines for the use of telemedicine, (2) provide more medical specialties via telemedicine, and (3) set annual performance targets.

Staff Recommendation. Staff recommends adoption of the following budget bill language requiring the CDCR to establish guidelines for the use of telemedicine, and to establish performance targets.

X. On or before January 1, 2007, the California Department of Corrections and Rehabilitation shall establish guidelines concerning the conditions under which inmates in need of medical specialty care are provided with a physician consultation through telemedicine rather than an in-person visit at an outside medical facility. The guidelines should take into consideration factors including, but not limited to, whether (a) a telemedicine consultation is medically appropriate, (b) a medical specialist is available to conduct a telemedicine consultation in a timely manner, and (c) the inmate in need of medical specialty services is assigned to a prison that has received telemedicine resources as part of the *Plata v. Schwarzenegger* rollout. Based on these guidelines, by March 1, 2007, the department shall establish monthly performance targets for prisons with a telemedicine capability regarding the total number and percentage of medical specialty consultations that are conducted by telemedicine rather than at community medical facilities, and provide a copy of the performance targets to the Joint Legislative Budget Committee. By June 30, 2007, the department shall provide a written report to the Joint Legislative Budget Committee on the extent to which the prisons achieved their performance targets. The report shall include any factors that may have prevented the department from meeting its performance targets, as well as the total estimated savings from using telemedicine.

Action

9. Performance Measures

At the hearing on March 29, the Subcommittee discussed creating new displays for the CDCR budget in the Governor's Budget, as well as including performance measures similar to measures included in the budgets during the 1980s.

Staff Recommendation. The CDCR has been reviewing the LAO proposed performance measures to determine its ability to provide the data required. While that review continues, staff recommends approving supplemental report language which includes the LAO proposed performance measures. Staff will continue to work with the CDCR to refine the language during conference committee.

Action.

10. Funding for Training of Deputies and Probation Officers – Finance Letter

Finance Letter Request. This Finance Letter proposes an augmentation of \$19,465,000 from the Corrections Training Fund to provide funding to reimburse local correctional agencies for the costs of providing sheriffs' deputies and probation officers with training consistent with the standards developed by the Corrections Standards Authority. The proposal includes budget bill language specifying the reimbursement requirements for this program. It is also proposed that Item 5225-002-0170, which transferred money from the Corrections Training Fund to the General Fund be deleted in order to ensure that there are sufficient revenues in the Corrections Training Fund to support this program.

Staff Comments. This request restores the funding for this program which was cut in 2003-04.

Staff Recommendation. Staff recommends approval of the Finance Letter.

Action.

11. Finance Letter – Rutherford Funding Request.

Finance Letter Request. This Finance Letter requests 49.5 positions and \$7.2 million related to the Rutherford v. Schwarzenegger lawsuit. The proposal requests the following:

- 4 Legal Analyst positions and \$300,000 to perform workload related to reviews of hearings, research and writing decision review summaries for lifer parole inmates who have been granted parole by the BPH.
- 11.3 positions and \$1.1 million to accommodate the increased volume of parole hearings.
- 22 positions and \$3.6 million for psychologists and support staff to conduct evaluations of inmates services indeterminate sentences pending parole suitability hearings. The proposal includes funding for 17 staff psychologists, 9 contract psychologists, and 2 senior supervising psychologists.
- 7.2 positions and \$1.7 million related to case records processing.
- 5 positions and \$517,000 for Investigation Unit.

Analyst's Recommendation. The LAO recommends approval of the department's request with two technical adjustments relating to overtime for administrative staff, resulting in a total reduction of \$973,000. At this time, the department has not provided sufficient justification for these funds. The LAO recommends approval of the remaining funds requested in this proposal, totaling \$6,179,000. The request is consistent with the court settlement agreement to address the issues that contribute to substantial backlogs in lifer hearings.

Staff Recommendation. Staff recommends approval of the \$973,000 reduction recommended by the LAO. In addition, staff recommends approval of the psychologist positions on a two-year limited-term basis pending additional discussions on the use of a validated risk assessment tool as a potential replacement or enhancement of the psych. Evaluation.

Action.

Projected Costs for the <i>Farrell</i> Remedial Plans <i>(dollars in thousands)</i>						
Remedial Plan	2005-06		2006-07		2007-08	
	Positions	Funding	Positions	Funding	Positions	Funding
<i>Funding Provided in 2005-06 Budget</i>						
Education Remedial Plan	208	\$17,088	208	\$20,886	208	\$20,886
Interim Mental Health Remedial Plan	15	\$1,215	15	\$1,015	15	\$1,015
Sex Offender Treatment Remedial Plan	20	\$2,464	43	\$4,394	43	\$4,394
Disability Remedial Plan	12	\$3,108	12	\$2,811	12	\$1,011
<i>Subtotal Funding Provided in 2005-06 Budget</i>	<i>255</i>	<i>\$23,875</i>	<i>278</i>	<i>\$29,086</i>	<i>278</i>	<i>\$27,306</i>
<i>Funding Proposed in January 10 Budget</i>						
Healthcare Remedial Plan			113	\$7,530	113	\$9,000
Safety and Welfare Remedial Plan**	105	\$5,163	409	\$47,470	620	\$69,662
<i>Subtotal Funding Proposed in January 10 Budget</i>	<i>105</i>	<i>\$5,163</i>	<i>522</i>	<i>\$55,000</i>	<i>733</i>	<i>\$78,662</i>
<i>Finance Letter Proposals</i>						
Safety and Welfare Remedial Plan Adjustments and Fund Shifts	-22	-\$2,125	-23	-\$4,536	614	\$69,057
Mental Health Remedial Plan			186	\$14,778	232	\$20,813
Space Requirements to Implement Farrell		\$2,948		\$12,469	0.0	12,469
<i>Subtotal Finance Letter Proposals</i>	<i>-22</i>	<i>\$823</i>	<i>163</i>	<i>\$22,711</i>	<i>846</i>	<i>\$102,339</i>
Totals	338	\$29,861	963	\$106,797	1,857	\$208,307

* Estimated costs for 2006-07 and future years are subject to adjustments due to actual DJJ population.

** DJJ will be seeking current year funding for the Ward Safety Plan in legislation.

11. Safety and Welfare Remedial Plan.

The Budget and Finance Letters propose funding of \$42.9 million and 386 positions for the Safety and Welfare Remedial Plan. The Remedial plan envisions a multiyear timeframe to implement the Safety and Welfare Remedial Plan. When the plan is fully rolled out in 2009-10, the annual cost is proposed to be \$94 million for support of 828 additional staff. The budget notes that the requested resources are based on an average daily population of 2,800 incarcerated wards. The actual amount of staff and funding needed in the out-years would be adjusted through the annual population adjustment process. The major features of the plan include the following:

- Classify facilities and living units according to the types of wards that each facility and unit is best suited to accommodate.
- Acquire an objective risk/needs assessment instrument for proper placement and treatment of wards in DJJ facilities and living units.
- Match the type and intensity of supervision and programming to wards' risk level and educational/treatment needs.
- Replace punitive measures against violent and disruptive wards with intensive behavioral treatment (such as individual counseling).
- Increase staff-to-ward ratios in facilities by reducing living unit sizes and hiring additional custody and treatment staff.
- Train staff on establishing a positive and therapeutic environment for wards based on "community norms" such as teamwork, accountability, and nonviolent resolution of conflict.

Staff Comments. At the hearing on April 27, the Subcommittee discussed possible implementation strategies, including whether a two-prong approach to implementation of the Remedial Plan doesn't make sense – one in which DJJ works to reduce the sizes of living units in the most violent facilities to increase safety, while DJJ implement a meaningful, results-oriented treatment programs at one facility.

Staff Recommendation. Staff recommends approval of the Safety and Welfare Remedial Plan with budget bill language directing DJJ to focus implementation of treatment programs at one facility in the budget year and requiring updates on the implementation of the Remedial Plan.

Provision X. Within fiscal year 2006-07, the Division of Juvenile Justice will implement Behavior Treatment Programs in at least seven living units, enhanced Core Treatment Programs in at least 12 living units, and at least one Re-entry living unit. In order to demonstrate measurable outcomes, the Division of Juvenile Justice will focus the implementation of Core Treatment Programs at one individual facility in the first fiscal year. No later than September 15, 2006 and March 15, 2007, the Division of Juvenile Justice will report to the Joint Legislative Budget Committee on specific performance measures by which the department plans to evaluate these programs, the baseline measurements for these programs, as well as projected implementation targets and projected outcomes for March 2007 and September 2007, related to the implementation of the *Farrell* remedial plans. Performance measures should include both process and outcome measures consistent with a critical path for project implementation.

Action.

12. Update to the Safety and Welfare Remedial Plan – Finance Letter

Finance Letter Request. This Finance Letter proposes a reduction of \$4.5 million General Fund and an increase of \$190,000 from federal funds to update the Safety and Welfare Remedial Plan. The administration indicates that the adjustment is due to minor modifications made to some of the implementation timeframes, corrections to costing errors, and the availability of federal funds to address a portion of the costs.

Staff Recommendation. Staff recommends approval of the Finance Letter.

Action.

13. DJJ Mental Health Remedial Plan – Finance Letter

Finance Letter Request. This Finance Letter proposes \$14.8 million and 186 positions to implement the Mental Health Remedial Plan as a result of the Farrell lawsuit. Expenditures would grow to a total of \$20.8 million and 232 positions in 2007-08.

The proposal calls for standardizing staffing to provide consistent coverage among the 8 facilities, establishing mental health program leadership at headquarters, providing training, and developing policies and procedures.

The first year of implementation will focus on establishing an Implementation Team; establishing a Mental Health Training Team; providing staffing to meet the ratio of youth per staff for the Core Outpatient Services Program; establishing a Psychology Intern Program; standardizing and upgrading 12 existing residential mental health programs; and adding one new Specialized Counseling Program. The second year of implementation will add one new Intensive Treatment Program, and one new Intensive Behavior Treatment Program.

Analyst's Concerns. The LAO notes that the funding proposal seems to be consistent with the remedial plan. However, the plan is currently being rewritten by four court-appointed experts. The revised plan is scheduled for completion at the end of May 2006. Revisions to the plan could impact the department's resource needs. The LAO recommends that the department report at hearings on aspects of the plan that may change as a result of the experts' recommendations and the process it would use to modify the funding request to reflect a potentially revised remedial plan.

Action.

14. Control Language to Ensure Money is not transferred from CSA or BPH or DJJ to the adult side of CDCR.

Staff Comments. At the hearing on April 27, the Subcommittee discussed concerns regarding the adequacy of the base budgets for the Corrections Standards Authority (CSA), the Board of Parole Hearings (BPH), and the Division of Juvenile Justice (DJJ). In addition, the Subcommittee raised concerns that funds could be moved from CSA, BPH, or DJJ to cover shortfalls in the adult corrections budget.

Staff Recommendation. Staff recommends approval of the following budget bill language that would restrict the transfer of funds from CSA, BPH, or DJJ to adult prison operations.

5225-001-0001

Provision X. Notwithstanding Section 26.00 of this act, the Department of Finance may not authorize transfer of expenditure authority between Schedules (2), (3), (4), (5), (6), or (9) and Schedules (7), (8), (10), or (11).

Action

15. Juvenile Justice Community Reentry Challenge Grants

Staff Comments. At the hearing on May 4 the Subcommittee discussed ways to enhance community infrastructure to provide additional services for juvenile parolees in order to improve outcomes and successful re-integration. At that time, the Chair of the Subcommittee directed staff to examine the feasibility of establishing some kind of challenge grant program to provide transitional services to parolees, both adult and juvenile, as well as options for intermediate placements for appropriate parole violators.

This proposal would provide \$30 million for a Juvenile Justice Community Reentry Challenge Grant Program to be administered by the Division of Juvenile Justice for the purpose of improving the performance and cost-effectiveness of post-custodial reentry supervision of juvenile parolees, reducing the recidivism rates of juvenile offenders, and piloting innovative re-entry programs consistent with the Division's focus on a rehabilitative treatment model. This program will award grants on a competitive basis to applicants that demonstrate a collaborative and comprehensive approach to the successful community reintegration of juvenile parolees, through the provision of wrap-around services for juvenile parolees.

A minimum of 75 percent of the grant award will be for providing program services to individuals on parole from the DJJ. The remainder of the grant award may additionally be used for providing program services to youthful offenders under the jurisdiction of the county or local juvenile court who are transitioning from out-of-home placements back into the community.

Staff Recommendation. Staff recommends approval of \$30 million for the Juvenile Justice Community Reentry Challenge Grant Program, and adoption of trailer bill language implementing the program.

Action.

Proposed Trailer Bill Language for the Juvenile Justice Community Reentry Challenge Grant Program.

1. This article shall be known and may be cited as the Juvenile Justice Community Reentry Challenge Grant Program.

2. It is the intent of the Legislature to support the systematic and cultural transformation of the Division of Juvenile Justice into a rehabilitative model that improves youthful offender outcomes and reduces recidivism. As a key component of meeting these goals, it is further the intent of the Legislature to support the development of local infrastructure that provides comprehensive re-entry services for juvenile parolees. These services shall be complementary to, and consistent with, the long-term objective of providing a continuum of state and local responses to juvenile delinquency that enhance public safety and improve offender outcomes.

3. (a) The Juvenile Justice Community Reentry Challenge Grant Program shall be administered by the Division of Juvenile Justice for the purpose of improving the performance and cost-effectiveness of post-custodial reentry supervision of juvenile parolees, reducing the recidivism rates of juvenile offenders, and piloting innovative re-entry programs consistent with the Division's focus on a rehabilitative treatment model.

(b) This program shall award grants on a competitive basis to applicants that demonstrate a collaborative and comprehensive approach to the successful community reintegration of juvenile parolees, through the provision of wrap-around services that may include, but not be limited to, the following:

(1) Transitional or step-down housing, including but not limited to group homes subject to Section 18987.62 of the Welfare and Institutions Code.

(2) Occupational development and job placement.

(3) Outpatient mental health services.

(4) Substance abuse treatment services.

(5) Education.

(6) Life skills counseling.

(7) Restitution and community service.

(8) Case management.

(9) Intermediate sanctions for technical violations of conditions of parole.

(c) To be eligible for consideration, applicants shall submit a program plan that includes, but is not limited to, the following:

(1) The target population.

(2) The type of housing and wrap-around services provided.

(3) A parole and community reentry plan for each parolee.

(4) Potential sanctions for a parolee's failure to observe the conditions of the program.

(5) Coordination with local probation and other law enforcement agencies.

(6) Coordination with other service providers and community partners.

4. The Division of Juvenile Justice shall award grants on a competitive basis to counties and non-profit organizations that provide funding for three years.

(a) A minimum of 75 percent of the grant award shall be for providing program services to individuals on parole from the Division of Juvenile Justice. The remainder of the grant award may additionally be used for providing program services to youthful offenders under the jurisdiction of the county or local juvenile court who are transitioning from out-of-home placements back into the community.

(b) The Division shall award grants in a manner that maximizes the development of meaningful and innovative local programs to provide comprehensive reentry services for juvenile parolees.

5. The Division of Juvenile Justice, in consultation with the Corrections Standards Authority, the Chief Probation Officers of California, and experts in the field of California juvenile justice programs, shall establish minimum standards, funding schedules, and procedures for awarding grants, which shall take into consideration, but not be limited to, all of the following:

(a) Size of the eligible population.

(b) Demonstrated ability to administer the program.

(c) Demonstrated ability to develop and provide a collaborative approach to improving parolee success rates that includes the participation of non-profit and community partners.

(d) Demonstrated ability to provide comprehensive services to support improved parolee outcomes, including housing, training, and treatment.

(e) Demonstrated ability to provide effective oversight and management of youthful offenders or young adults who have been committed to a detention facility, and parolees that require re-entry supervision and control.

(f) Demonstrated history of maximizing federal, state, local, and private funding sources.

6. (a) Each grant recipient shall be required to establish and track outcome measures, including, but not limited to:

(1) Annual recidivism rates, including technical parole violations and new offenses.

(2) Number and percent of participants successfully completing parole.

(3) Number and percent of participants engaged in part-time and full-time employment, enrolled in higher education and vocational training, receiving drug and substance abuse treatment, and receiving mental health treatment.

(4) Number and percent of participants that obtain stable housing, including the type of housing.

(b) The Division of Juvenile Justice, in consultation with the Corrections Standards Authority, the Chief Probation Officers of California, and experts in the field of California juvenile justice programs, shall create an evaluation design for the Juvenile Justice Community Reentry Challenge Grant Program that will assess the effectiveness of the program. The Division shall develop an interim report to be submitted to the Legislature on or before March 1, 2009, and a final analysis of the grant program in a report to be submitted to the Legislature on or before March 1, 2011.

7. Funding for the Juvenile Justice Community Reentry Challenge Grant Program shall be provided from the amount appropriated in Item 5225-102-0001 of the Budget Act of 2006. Up to 5 percent of the amount appropriated in Item 5225-102-0001 of the Budget Act of 2006 shall be transferred upon the approval of the Director of Finance, to Item 5225-001-0001 for

expenditure as necessary for the Division to administer this program, including technical assistance to counties and the development of an evaluation component.

16. Chuckawalla Valley State Prison, Blythe: Wastewater Treatment Plant Improvements -- Preliminary plans

Budget Request. The budget proposes \$455,000 for preliminary plans for wastewater treatment plant improvements.

The LAO notes that the department has now provided information which indicates that the trickling filters should only be rehabilitated if the RWQB provides a permit waiver to the prison, and if the permit waiver is denied a new type of wastewater treatment (most likely an oxidation ditch) will be needed to treat the effluent to the acceptable water discharge quality.

Since something must be done, and the permit waiver decision will not be issued until late July 2006, the LAO proposes budget bill language to approve the project but, with PWB approval, divert the funds to a new wastewater treatment system at Chuckawalla if the permit waiver is not granted. This way the prison can move forward with a project immediately but also respond if the permit is denied. The oxidation ditch is estimated to cost about \$2-3 million more total than rehabilitating the filters.

The LAO recommends approving the project with the following Budget Bill Language:

The funds appropriated in this item are to be utilized for rehabilitating the existing trickling filter technology pending approval of a wastewater discharge permit waiver. If no wastewater discharge permit waiver is issued to the department, pending Public Works Board approval the funds are to be utilized toward a new wastewater treatment system capable of meeting the wastewater discharge requirements.

Staff Recommendation. Staff recommends approval of the funding and the LAO recommended budget bill language.

Action.

Division of Juvenile Justice Core Treatment Facility Study – Finance Letter

Finance Letter Request. This Finance Letter proposes an increase of \$3 million to conduct a detailed study for a core treatment facility at the Northern California Youth Correctional Center, Stockton. This study will provide a detailed schematic design for a prototype core treatment facility to be built at a currently unoccupied site at the Northern California Youth Correctional Center.

Analyst Concerns. The LAO has raised concerns with this proposal.

Action.

Control Section 24.10

Transfer to the Corrections Training Fund – Finance Letter

Finance Letter Request. This Finance Letter proposes to add language to Control Section 24.10 to transfer \$9.8 million from the Driver Training Penalty Assessment Fund to the Corrections Training Fund. These funds would be used to reinstate funding for the Corrections Training Program within the Corrections Standards Authority.

Staff Recommendation. Staff recommends approval of the Finance Letter. This action would be consistent with approving the funding to restore the funding for local correctional law enforcement training within the CSA budget.

Action.